

Summary of Proposed Policy Guidance for EUI Savings

Background

Minnesota Statutes section 216B.241 subdivision 1c(d) allows Minnesota electric and natural gas utilities to claim energy savings toward their Conservation Improvement Program (CIP) energy savings goal from eligible electric utility infrastructure (EUI) projects.

During the Department's EUI stakeholder meetings, a concern raised by electric utilities focused on the lack of certainty in claiming EUI energy savings. Existing Department guidance requires utilities to achieve at least 1% of their annual energy-savings results through DSM savings before EUI savings can also be counted toward their total energy savings results. This means that a utility cannot be certain whether they will be able to claim EUI savings toward their results until the 1% threshold is exceeded. Consequently, some utilities may fail to meet the 1.5% energy savings requirement not due to an actual shortfall in energy savings, but simply because some savings were ineligible.

Department Staff (Staff) proposed new guidance for the 1% DSM savings threshold requirement in an effort to provide utilities with greater certainty in their CIP planning efforts.

Proposed Guidance

Historical Guidance

The Department has previously issued guidance to utilities requiring that the 1% threshold for DSM savings first be exceeded as part of their reported CIP results before any EUI project savings can also be claimed toward their total energy savings results.

New Proposed Guidance

Staff's new proposed guidance is based on a plain reading of section 216B.241 subdivision 1c(d), which suggests that the requirements concerning EUI project savings being counted toward energy savings goals are based on their inclusion in the utility's CIP *plans*, not the actual *results* of those plans.¹

Simplified Example

Consider a utility that submits a 2019 CIP plan with an overall energy savings goal of 1.5%. This plan includes 1.0% of energy savings to be met through DSM and 0.5% to be met through savings from EUI projects. The Department reviews and approves the 2019 plan.

Then, when reporting its actual 2019 energy savings achievements, the utility achieved 0.9% of savings through DSM and 0.5% through EUI projects. Under existing guidance, the utility would not be able to count the EUI project savings because the utility did not achieve 1% of savings through DSM, and thus would only be able to claim a total savings of 0.9% from DSM. Under Staff's new proposed EUI guidance in this circumstance, the utility would be able to claim the EUI savings and claim overall energy savings of 1.4% because the 1% savings threshold was already met as part of its approved plan.

¹ 216B.241 subdivision 1c(d) makes reference to the inclusion of EUI projects in "energy conservation plans," counting toward the utility's "energy savings goals," but makes no mention of actual energy savings results.